



Teachers' Retirement System of the State of Illinois

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News

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TRS HIRES TWO ADVISORS TO AID REAL ESTATE PORTFOLIO

SPRINGFIELD, IL – The Teachers' Retirement System Board of Trustees today engaged **ORG Portfolio Management of Cleveland, Ohio** and **Real Asset Portfolio Management of Portland, Oregon** to advise the System in the creation of a co-investment program within the \$4.6 billion TRS Real Estate portfolio.

“These two firms will join our existing pool of investment advisors to help us identify, investigate and finalize co-investment opportunities that will enhance the System’s investment program on behalf of our members,” said TRS Executive Director Dick Ingram. “TRS is expanding its existing co-investment program in order to capitalize on opportunities that exist in the market.”

In its co-investment program, TRS will be able to make direct investments in a property to compliment an existing investment in the same property that was made as part of a pooled allocation to a multi-property real estate fund. TRS already makes co-investments within its \$4.3 billion Private Equity portfolio that add direct investments to existing commitments made to private equity funds that contain several companies.

In other action during the Board’s regularly scheduled February meeting the trustees:

- Hired **Stout Risius Ross, Inc. of Detroit, Michigan** to become part of the System’s pool of advisors for private equity co-investment opportunities.
- Authorized a search for an investment manager to administer an allocation from the System’s \$6.4 billion Fixed Income portfolio for corporate bonds in emerging markets around the world. The size of the initial allocation has not yet been determined.

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- Committed \$250 million within the Private Equity portfolio to **The Carlyle Group of Washington, D.C.** for investments in companies in all sectors of the economy, including the aerospace and defense industry, government services, retail, health care, heavy industry, transportation, technology, telecommunications and media. TRS currently has \$725.9 million invested with The Carlyle Group from the private equity, real estate and absolute return portfolios.
- Committed \$125 million within the Fixed Income portfolio to the **Pacific Investment Management Company of Newport Beach, California** for investments in bonds that help financial institutions in the United States and foreign countries where the economy and real estate markets are poised for growth. Currently, PIMCO administers \$2.57 billion in TRS assets in the Fixed Income and Real Return portfolios.
- Committed an additional \$50 million within the Fixed Income portfolio to **Oaktree Capital Management of Los Angeles, California** for investments in financial institutions, bringing the total System commitment in this individual investment to \$125 million. Currently, Oaktree administers a total of \$88.8 million in TRS assets.
- Hired **Ativo Capital Management of Chicago** within the System's Emerging Manager Program and committed \$25 million for investments in international equities.
- Approved changes to the TRS Watch List:
 - Addition of **Franklin Templeton Fixed Income Group of San Mateo, California**, which manages \$462 million in TRS assets within the Fixed Income portfolio.
 - Addition of **Grantham, Mayo, Van Otterloo and Company of Boston, Massachusetts**, which manages \$710 million in TRS assets within the International Equity portfolio.
 - Addition of **Trilogy Global Advisors of New York, New York**, which manages \$389 million in TRS assets within the International Equity portfolio.
 - Termination of a \$131.4 million domestic equity small-to-mid-cap value strategy administered by **Boston Company Asset Management of Boston, Massachusetts**. Boston Company continues to administer a separate small-to-mid-cap strategy containing \$289.4 million in domestic equity assets.
- As approved by the TRS Board, the current Watch List is composed of:
 - **Franklin Templeton Fixed Income Group of San Mateo, California**, which manages \$462 million in TRS assets within the Fixed Income portfolio.
 - **Frontier Capital Management of Boston, Massachusetts**, which manages \$213 million in the Domestic Equity portfolio.
 - **Grantham, Mayo, Van Otterloo and Company of Boston Massachusetts**, which manages \$710 million in TRS assets within the International Equity portfolio.
 - **Levin Capital Management of New York, New York**, which manages \$547 million in the Domestic Equity portfolio.
 - **Trilogy Global Advisors of New York, New York**, which manages \$389 million in TRS assets within the International Equity portfolio.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 39th largest pension system in the United States, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 366,000 members and had assets of \$38.1 billion as of December 31, 2012.